

State Rev-E-News

North Dakota Office of Management and Budget

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FROM THE DIRECTOR

We continue to be pleased with North Dakota's economy and general fund revenue collections. After the first six months of the biennium, revenue collections are \$15.5 million or 4.9% ahead of projections. However, we are still mindful of uncertainties such as the agriculture sector and the price of oil.

North Dakota's unemployment rate in November was 1.9% compared with the national rate of 3.0%. Over the past twelve months, manufacturing has added 1,000 new jobs, the services sector has added 3,000 jobs and construction has added 1,400 jobs. Employment in the construction sector is at its highest since 1984. Jobs are being created at a much faster pace that the labor force can grow resulting in WEFA's belief that job growth will slow in 1998.

Our office has recently requested another tax base revenue forecast from WEFA. The Tax Department submitted the historical data to WEFA as of the end of December, 1997. We anticipate getting the results from WEFA within the next month and we hope to share the results with Budget Section early in March.



DECEMBER REVENUE

Revenue collections in December exceeded projections by \$6.3 million or 14.4%. Biennium-to-date revenue collections are \$15.5 million or 4.9% ahead of biennium-to-date projections.

REVENUE VARIANCES

December sales and use tax collections exceeded projections by \$1.8 million or 9.4%. In addition to the surplus of \$1.8 million, a substantial manufacturing refund was paid in December. Had this not been paid, the surplus would have been considerably more. This surplus reflects strong holiday sales in the month of November. Biennium-to-date collections are now only \$53,798 short of projections.

Motor vehicle excise tax collections fell short of projections by \$859,128 or 22.1%. Biennium-to-date collections are \$1.4 million or 6.0% ahead of projections.

Individual income tax collections were \$331,066 or 10.2% over projections in December while biennium-to-date collections are \$5.6 million or 9.1% ahead of projections.

Corporate income tax collections were \$1.1 million or 36.1% over December projections while biennium-to-date collections are \$3.9 million or 20.2% over biennium-to-date projections.

Insurance premium tax collections were \$369,034 or 48.6% over projections. December's surplus makes up a portion of last month's shortfall. Biennium-to-date collections are now \$766,843 or 11.5% behind projections.

December oil and gas production tax collections were \$790,176 or 58.6% ahead of projections, reflecting strength in oil production, while biennium-to-date collections are now \$615,800 or 8.1% ahead of projections.

Oil and gas extraction tax collections in December were \$170,810 or 14.2% ahead of projections while biennium-to-date collections are \$725,243 or 11.1% behind projections.

Departmental collections totaling \$2.9 million include a \$1.4 million transfer from the Insurance Regulatory Trust Fund. This transfer to the general fund represents the excess in the Insurance Regulatory Trust Fund required by statute to be transferred at the end of each fiscal year.

Mineral leasing fees collected \$925,636 more than what was projected for December. The surplus is a result of a large settlement from an oil company that dates back to the early 1980's through 1992. Biennium-to-date collections are \$1.9 million ahead of projections.



STATEMENT OF GENERAL FUND REVENUES AND FORECASTS
1997-99 BIENNIUM
DECEMBER, 1997

	FISCAL MONTH				BIENNIUM TO DATE			
	Apr-97 Legislative Forecast	Actual	Variance	Percent	Apr-97 Legislative Forecast	Actual	Variance	Percent
REVENUES AND TRANSFERS								
SALES AND USE TAXES	\$ 19,086,025.00	\$ 20,873,825.56	\$ 1,787,800.56	9.4%	\$ 139,055,325.00	\$ 139,001,526.54	\$ (53,798.46)	0.0%
MOTOR VEHICLE EXCISE TAX	3,881,280.00	3,022,151.84	(859,128.16)	-22.1%	23,772,840.00	25,207,885.82	1,435,045.82	6.0%
INDIVIDUAL INCOME TAX	3,257,180.00	3,588,246.40	331,066.40	10.2%	61,886,420.00	67,487,354.97	5,600,934.97	9.1%
CORPORATE INCOME TAX	3,162,600.00	4,305,011.30	1,142,411.30	36.1%	19,427,400.00	23,347,057.65	3,919,657.65	20.2%
INSURANCE PREMIUM TAX	760,000.00	1,129,034.22	369,034.22	48.6%	6,660,000.00	5,893,156.29	(766,843.71)	-11.5%
BUSINESS PRIVILEGE TAX	24,800.00	10,280.00	(14,520.00)	-58.5%	108,000.00	218,319.89	110,319.89	102.1%
OIL & GAS PRODUCTION TAX	1,347,549.00	2,137,725.48	790,176.48	58.6%	7,579,965.00	8,195,765.65	615,800.65	8.1%
GAMING TAX	20,000.00	53,763.60	33,763.60	168.8%	5,439,000.00	5,730,148.48	291,148.48	5.4%
INTEREST INCOME	394,000.00	452,811.85	58,811.85	14.9%	3,464,000.00	4,407,757.23	943,757.23	27.2%
OIL EXTRACTION TAX	1,206,500.00	1,377,310.32	170,810.32	14.2%	6,515,100.00	5,789,856.30	(725,243.70)	-11.1%
CIGARETTE & TOBACCO TAX	1,816,000.00	1,698,304.54	(117,695.46)	-6.5%	11,804,000.00	11,889,252.68	85,252.68	0.7%
DEPARTMENTAL COLLECTIONS	1,200,000.00	2,993,182.79	1,793,182.79	149.4%	5,870,000.00	8,148,165.37	2,278,165.37	38.8%
WHOLESALE LIQUOR TAX	508,032.00	391,955.28	(116,076.72)	-22.8%	2,800,043.00	2,803,079.32	3,036.32	0.1%
COAL SEVERANCE TAX	884,720.00	917,537.52	32,817.52	3.7%	5,529,500.00	5,392,216.38	(137,283.62)	-2.5%
COAL CONVERSION TAX	1,076,940.00	985,753.20	(91,186.80)	-8.5%	5,983,000.00	5,809,730.54	(173,269.46)	-2.9%
MINERAL LEASING FEES	200,000.00	1,125,636.65	925,636.65	462.8%	1,200,000.00	3,183,340.03	1,983,340.03	165.3%
BANK OF NORTH DAKOTA - TRANSFER								
STATE MILL & ELEVATOR - TRANSFER								
GAS TAX ADMIN. - TRANSFER					282,218.00	282,218.00		0.0%
OTHER TRANSFERS	4,932,454.00	4,982,634.68	50,180.68	1.0%	9,864,908.00	9,979,536.39	114,628.39	1.2%
TOTAL REVENUES AND TRANSFERS	\$ 43,758,080.00	\$ 50,045,165.23	\$ 6,287,085.23	14.4%	\$ 317,241,719.00	\$ 332,766,367.53	\$ 15,524,648.53	4.9%

COMPARISON TO PREVIOUS BIENNIUM REVENUES
1997-99 BIENNIUM
DECEMBER, 1997

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	DECEMBER, 1995	DECEMBER, 1997	Variance	Percent	1997	1999	Variance	Percent
SALES TAX	\$ 16,634,616.51	\$ 20,873,825.56	\$ 4,239,209.05	25.5%	\$ 124,938,435.67	\$ 139,001,526.54	\$ 14,063,090.87	11.3%
MOTOR VEHICLE EXCISE TAX	3,166,744.38	3,022,151.84	(144,592.54)	-4.6%	21,261,282.29	25,207,885.82	3,946,603.53	18.6%
INDIVIDUAL INCOME TAX	2,759,179.36	3,588,246.40	829,067.04	30.0%	56,566,735.27	67,487,354.97	10,920,619.70	19.3%
CORPORATE INCOME TAX	3,567,929.27	4,305,011.30	737,082.03	20.7%	19,458,608.12	23,347,057.65	3,888,449.53	20.0%
INSURANCE PREMIUM TAX	761,321.66	1,129,034.22	367,712.56	48.3%	8,832,336.26	5,893,156.29	(2,939,179.97)	-33.3%
BUSINESS PRIVILEGE TAX		10,280.00	10,280.00	100.0%	42,461.11	218,319.89	175,858.78	414.2%
OIL & GAS PRODUCTION TAX	1,022,081.86	2,137,725.48	1,115,643.62	109.2%	5,254,966.82	8,195,765.65	2,940,798.83	56.0%
GAMING TAX	20,633.29	53,763.60	33,130.31	160.6%	5,728,170.57	5,730,148.48	1,977.91	0.0%
INTEREST INCOME	378,902.98	452,811.85	73,908.87	19.5%	2,607,696.59	4,407,757.23	1,800,060.64	69.0%
OIL EXTRACTION TAX	1,622,403.32	1,377,310.32	(245,093.00)	-15.1%	5,606,550.34	5,789,856.30	183,305.96	3.3%
CIGARETTE & TOBACCO TAX	1,905,207.27	1,698,304.54	(206,902.73)	-10.9%	11,916,899.21	11,889,252.68	(27,646.53)	-0.2%
DEPARTMENTAL COLLECTIONS	1,274,064.40	2,993,182.79	1,719,118.39	134.9%	6,212,850.30	8,148,165.37	1,935,315.07	31.2%
WHOLESALE LIQUOR TAX	485,338.26	391,955.28	(93,382.98)	-19.2%	2,835,316.88	2,803,079.32	(32,237.56)	-1.1%
COAL SEVERANCE TAX	912,673.05	917,537.52	4,864.47	0.5%	5,533,602.26	5,392,216.38	(141,385.88)	-2.6%
COAL CONVERSION TAX	957,774.71	985,753.20	27,978.49	2.9%	6,189,740.12	5,809,730.54	(380,009.58)	-6.1%
MINERAL LEASING FEES	157,676.25	1,125,636.65	967,960.40	613.9%	759,757.22	3,183,340.03	2,423,582.81	319.0%
BANK OF NORTH DAKOTA - TRANSFER								
STATE MILL & ELEVATOR - TRANSFER								
GAS TAX ADMIN. - TRANSFER					267,969.50	282,218.00	14,248.50	5.3%
OTHER TRANSFERS	1.54	4,982,634.68	4,982,633.14	100.0%	8,374,477.34	9,979,536.39	1,605,059.05	19.2%
TOTAL REVENUES AND TRANSFERS	\$ 35,626,548.11	\$ 50,045,165.23	\$ 14,418,617.12	40.5%	\$ 292,387,855.87	\$ 332,766,367.53	\$ 40,378,511.66	13.8%



OIL ACTIVITY

North Dakota has 19 oil rigs operating in the state compared to the same number one year ago. Oil production in November averaged 103,500 barrels of oil per day.

The current price of oil is approximately \$13 per barrel. The average price of sweet crude oil in December was \$14.99 per barrel compared to a forecasted price of \$18.34.

*Questions??
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